

# **REPORT ON EXPENDITURES OF FEDERAL AWARDS**

## **BAY COUNTY, MICHIGAN**



**YEAR ENDED DECEMBER 31, 2006**



**REHMANN ROBSON**

*Certified Public Accountants*

**BAY COUNTY, MICHIGAN**  
**REPORT ON EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
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**BAY COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL C.F.D.A. NUMBER</b>	<b>GRANT NUMBER</b>	<b>GRANT PERIOD</b>	<b>FEDERAL AWARDS EXPENDED</b>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>				
PASSED THROUGH MICHIGAN DEPARTMENT OF STATE POLICE				
Emergency Management Assistance	97.042	N/A	10-01-05 to 09-30-06	\$ 13,928
Emergency Management Assistance	97.042	N/A	10-01-06 to 09-30-07	4,266
FEMA Hazardous Mitigation- Planning for Bay	97.039	N/A	08-23-04 to 12-31-06	(1,123)
<b>TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY</b>				<b>17,071</b>
<b>DEPARTMENT OF TRANSPORTATION</b>				
PASSED THROUGH MICHIGAN DEPARTMENT OF TRANSPORTATION				
Highway Planning & Construction	20.205	PL88088	10-01-06 to 09-30-07	33,030
Highway Planning & Construction	20.205	PL85191	10-01-05 to 09-30-06	67,563
Federal Transit Administration	20.205	FTA 88098	10-01-06 to 09-30-07	8,596
Federal Transit Administration	20.205	FTA 85187	10-01-05 to 09-30-06	16,306
PASSED THROUGH OFFICE OF HIGHWAY SAFETY PLANNING				
Drive Michigan Safely	20.600	PT-06-36	11-01-05 to 09-30-06	30,115
Drive Michigan Safely	20.600	PT-07-40	11-17-06 to 09-30-07	817
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>				<b>156,427</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
PASSED THROUGH MICHIGAN DEPARTMENT OF COMMUNITY HEALTH				
Women,Infants & Child Supp.Food	10.557	XX4W1006	10-01-05 to 09-30-06	293,658
Women,Infants & Child Supp.Food	10.557	XX4W1006	10-01-06 to 09-30-07	43,416
Women,Infants & Child Supp.Food- special project	10.557	2006W1011	10-01-05 to 09-30-06	5,000
WIC Farmers Market Nutrition Program	10.572	N/A	06-01-06 to 12-31-06	14,718
PASSED THROUGH MICHIGAN DEPT. OF EDUCATION				
Juv.Home-National School Breakfast	10.553	90008002	07-01-05 to 06-30-06	5,691
Juv.Home-National School Breakfast	10.553	90008002	07-01-06 to 06-30-07	4,431
Juv.Home-National School Lunch	10.555	90008002	07-01-05 to 06-30-06	10,294
Juv.Home-National School Lunch	10.555	90008002	07-01-06 to 06-30-07	8,257
PASSED THROUGH MICHIGAN DEPT. OF AGRICULTURE				
Pesticide and Plant Pest Mgt.	10.664	791N6200384	12-21-05 to 9-30-06	14,394
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b>399,859</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
PASSED THROUGH MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY				
Bathing Beach Monitoring Grant	66.429	N/A	10-01-05 to 10-31-06	7,389
Drinking Water Revolving Fund Loan Funds	66.468	N/A	10-01-05 to 9-30-06	38
Operation Certification Reimbursement Grant	66.471	N/A	10-01-05 to 9-30-06	200
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>				<b>7,627</b>

**BAY COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL C.F.D.A. NUMBER</b>	<b>GRANT NUMBER</b>	<b>GRANT PERIOD</b>	<b>FEDERAL AWARDS EXPENDED</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>				
PASSED THROUGH SAGINAW COUNTY				
Michigan Works!	93.558	WF 67611-95570-06	10/01/05 to 09/30/06	\$ 37,173
Michigan Works!	93.558	WF 67611-95570-07	10/01/06 to 09/30/07	10,171
PASSED THROUGH MICHIGAN FAMILY INDEPENDENCE AGENCY				
IV-D ADC Incentive-Friend of Ct.	93.563	N/A	10-01-04 to 12-31-06	163,714
Cooperative Reimbursement-F.O.C.	93.563	CS/FOC-06-09001	10-01-05 to 09-30-06	666,357
Cooperative Reimbursement-F.O.C.	93.563	CS/FOC-05-09001	10-01-06 to 09-30-07	241,020
Cooperative Reimbursement-Pros.	93.563	CS/PA-06-09002	10-01-05 to 09-30-06	84,439
Cooperative Reimbursement-Pros.	93.563	CS/PA-05-09002	10-01-06 to 09-30-07	29,591
PASSED THROUGH MICHIGAN OFFICE OF SERVICE TO AGING & REGION VII AREA AGENCY ON AGING				
State Prescription Assistance Program	93.779	N/A	10-01-05 to 09-30-06	3,318
Homemaking	93.044	N/A	10-01-05 to 09-30-06	8,309
Homemaking	93.044	N/A	10-01-06 to 09-30-07	4,034
Homemaking-Care Management	93.044	N/A	10-01-05 to 09-30-06	311
Personal Care	93.044	N/A	10-01-06 to 09-30-07	511
Case Coordination	93.044	N/A	10-01-05 to 09-30-06	34,349
Case Coordination	93.044	N/A	10-01-06 to 09-30-07	17,739
Federal C1 Congregate Meals-AAA	93.045	N/A	10-01-05 to 09-30-06	60,836
Federal C1 Congregate Meals-AAA	93.045	N/A	10-01-06 to 09-30-07	21,789
Home Delivered Meals-AAA	93.045	N/A	10-01-05 to 09-30-06	72,763
Home Delivered Meals-AAA	93.045	N/A	10-01-06 to 09-30-07	25,045
Caregiver Training	93.052	N/A	10-01-05 to 09-30-06	13,458
Caregiver Training	93.052	N/A	10-01-06 to 09-30-07	5,598
Health Promotion	93.043	N/A	10-01-05 to 09-30-06	5,559
Health Promotion	93.043	N/A	10-01-06 to 09-30-07	3,699
Caregiver Supplemental Services	93.052	N/A	10-01-05 to 09-30-06	3,827
Caregiver Supplemental Services	93.052	N/A	10-01-06 to 09-30-07	1,131
Kinship Care	93.052	N/A	10-01-05 to 09-30-06	2,300
Kinship Care	93.052	N/A	10-01-06 to 09-30-07	1,199
Federal CI Congregate Meals-NSIP	93.053	N/A	10-01-05 to 09-30-06	23,639
Federal CI Congregate Meals-NSIP	93.053	N/A	10-01-06 to 09-30-07	7,908
Home Delivered Meals-NSIP	93.053	N/A	10-01-05 to 09-30-06	59,785
Home Delivered Meals-NSIP	93.053	N/A	10-01-06 to 09-30-07	19,356
Millage Meal Sites - NSIP	93.053	N/A	10-01-05 to 09-30-06	916
Millage Meal Sites - NSIP	93.053	N/A	10-01-06 to 09-30-07	297

**BAY COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL C.F.D.A. NUMBER</b>	<b>GRANT NUMBER</b>	<b>GRANT PERIOD</b>	<b>FEDERAL AWARDS EXPENDED</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (CONTINUED)</b>				
<b>PASSED THROUGH CHILDREN'S TRUST FUND</b>				
0-3 Secondary Prevention	93.558	CTFPR-02-09001	10-01-05 to 09-30-06	\$ 87,575
0-3 Secondary Prevention	93.558	CTFPR-02-09001	10-01-06 to 9-30-07	29,486
<b>PASSED THROUGH MICHIGAN DEPARTMENT OF COMMUNITY HEALTH</b>				
Family Planning	93.994	B1MIMCHS	10-01-05 to 09-30-06	11,399
Family Planning	93.994	B1MIMCHS	10-01-06 to 09-30-07	2,850
Family Planning	93.217	05HOOO173	10-01-05 to 09-30-06	54,826
Family Planning	93.217	05HOOO173	10-01-06 to 09-30-07	13,725
CSHSC-Outreach & Advocacy	93.994	B1MIMCHS	10-01-05 to 09-30-06	17,930
CSHSC-Care Coordination	93.778	B1MIMCHS	10-01-05 to 09-30-06	960
MSS/ISS - Local MCH	93.994	B1MIMCHS	10-01-05 to 09-30-06	49,649
MSS/ISS - Local MCH	93.994	B1MIMCHS	10-01-06 to 09-30-07	15,085
Bioterrorism	93.283	CCU517018	10-01-05 to 09-30-06	181,167
Bioterrorism	93.283	CCU517018	10-01-06 to 09-30-07	29,212
Immunization Action Plan	93.268	H23CCH522556	10-01-05 to 09-30-06	31,797
Immunization Action Plan	93.268	H23CCH522556	10-01-06 to 09-30-07	10,722
Immunization/Vaccines	93.268	H23CCH522556-01-4	10-01-05 to 09-30-06	477,080
VFC Provider Site Visits	93.268	H23CCH504477	10-01-05 to 09-30-06	2,900
<b>TOTAL DEPARTMENT HEALTH &amp; HUMAN SERVICES</b>				<b>2,646,504</b>
<b>DEPARTMENT OF JUSTICE</b>				
<b>PASSED THROUGH MICHIGAN FAMILY INDEPENDENCE AGENCY</b>				
JAG - Bay County/Bay City Law Enforcement Update	16.738	2006-DJ-BX-0685	10-01-05 to 09-30-09	14,115
JAG - Local Law Enforcement Block Grant	16.592	2004-LB-BX-1050	07-20-04 to 07-20-06	4,158
JAG - Bay County/Bay City Law Enforcement Update	16.738	2005-DJ-BX-1320	10-01-04 to 09-30-08	5,930
Functional Family Therapy	16.540	JJCS1-06-09001	03-01-06 to 02-28-07	53,863
Juvenile Accountability Incentive Block Grant	16.540	JAIBG-04-09001	04-01-05 to 03-31-06	2,220
<b>PASSED THROUGH BUREAU OF JUSTICE ASSISTANCE</b>				
Bulletproof Vest Partnership Program	16.607	N/A		1,843
<b>PASSED THROUGH MICHIGAN DEPARTMENT OF COMMUNITY HEALTH</b>				
Victims of Crime Act (VOCA)-Abuse Intervention	16.575	20745-7V04	10-01-06 to 09-30-07	14,190
Victims of Crime Act (VOCA)-Abuse Intervention	16.575	20745-4V02	10-01-05 to 09-30-06	44,504
Bay Area Narcotics Enforcement Team-Prosecutor	16.738	ODCP70909-6-06-B	10-01-05 to 09-30-06	17,410
Bay Area Narcotics Enforcement Team-Prosecutor	16.738	ODCP70909-7-07-B	10-01-06 to 09-30-07	6,462
Bay Area Narcotics Enforcement Team-Sheriff	16.738	ODCP70909-6-06-B	10-01-05 to 09-30-06	23,811
Bay Area Narcotics Enforcement Team-Sheriff	16.738	ODCP70909-7-07-B	10-01-06 to 09-30-07	9,781
<b>TOTAL DEPARTMENT OF JUSTICE</b>				<b>198,287</b>

**BAY COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL C.F.D.A. NUMBER</b>	<b>GRANT NUMBER</b>	<b>GRANT PERIOD</b>	<b>FEDERAL AWARDS EXPENDED</b>
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
PASSED THROUGH DEPARTMENT OF NATURAL RESOURCES				
Marine Safety Program	97.012	N/A	1/01/06 to 9/30/06	\$ 10,000
PASSED THROUGH MICHIGAN DEPARTMENT OF STATE POLICE				
Hazardous Materials Emergency Preparedness LEPC	20.703	N/A	10/01/05 to 09/30/06	727
2006 SHSGP Region 3	97.067	06 SHSGP	07/01/06 to 03/31/08	15,126
2004 SHSGP CBRNE	97.004	04 SHSGP	08/01/04 to 2/28/06	203,480
2004 SHSGP CBRNE	97.004	04 SHSGP	04/01/06 to 08/31/06	22,000
2004 Citizen Corps. Grant Agreement SHSGP	97.053	04 HSGP	09/07/04 to 04/30/06	28,794
2003 Homeland Security SHSGP CERTDAP	97.004	04SHSGP	12/1/05 to 01/31/06	9,897
2004 Homeland Security Grant Program SHSGP	97.004	04 HSGP	08/01/04 to 02/28/06	1,713
2005 Homeland Security CBRNE	97.067	04 HSGP	10/01/04 to 03/31/07	177,474
2005 Homeland Security CBRNE	97.067	05 HSGP	10/01/04 to 03/31/07	113,319
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>				<b>582,530</b>
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				
PASSED THROUGH MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY				
Bay Co. Housing Assistance Program	14.239	MSC 2004-0757-HOA	01-01-04 to 12-31-05	56,119
Bay Co. Housing Assistance Program	14.239	MSC2006-0757-HOA	01-01-06 to 12-31-06	58,640
<b>TOTAL U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				<b>114,759</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
PASSED THROUGH MICHIGAN DEPT OF EDUCATION/BAY-ARENAC ISD				
Maternal & Infant Support - Early On Part C of IDEA	84.181	1348/199	07-01-05 to 06-30-06	26,111
Maternal & Infant Support - Early On Part C of IDEA	84.181	1348/199	07-01-06 to 06-30-07	28,876
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<b>54,987</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT AND DRAIN COMMISSION COMPONENT UNIT</b>				<b>\$ 4,178,051</b>

**NOTES:**

- (1) The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Bay County and is presented on the modified accrual basis of accounting. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non Profit Organizations.



# REHMANN ROBSON

*Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 28, 2007

Board of Commissioners  
County of Bay  
Bay City, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Bay, Michigan** as of and for the year ended December 31, 2006, and have issued our report thereon dated June 28, 2007. We did not audit the financial statements of the Bay County Housing Commission, which represents 100% of the assets and revenues of the Housing major fund opinion unit; the financial statements of the Bay County Road Commission Component Unit, which represents 62.85% of the assets and 50.92% of the revenues of the aggregate discretely presented component units; and the financial statements of the Bay County Department of Water and Sewer, which represents 24.09% of the assets and 16.10% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Commission, Road Commission and Department of Water and Sewer, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **County of Bay, Michigan's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **County of Bay, Michigan's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **County of Bay, Michigan's** internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the **County of Bay, Michigan's** ability to initiate,

authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the *County of Bay, Michigan's* financial statements that is more than inconsequential will not be prevented or detected by the *County of Bay, Michigan's* internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the *County of Bay, Michigan's* internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the *County of Bay, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of *County of Bay, Michigan* in a separate letter dated June 28, 2007.

This report is intended solely for the information and use of the Audit Committee, the governing Board, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.





**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

September 5, 2007

Board of Commissioners  
County of Bay  
Bay City, Michigan

**Compliance**

We have audited the compliance of the *County of Bay, Michigan* with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The *County of Bay, Michigan's* major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the *County of Bay, Michigan's* management. Our responsibility is to express an opinion on the *County of Bay, Michigan's* compliance based on our audit.

The *County of Bay, Michigan's* financial statements include the operations of the Road Commission component unit and the Housing Department enterprise fund, which received \$965,510 and \$170,067, respectively, in federal awards which is not included in the Schedule of Federal Awards for the year ended December 31, 2006. Our audit, described below, did not include the operations of the Road Commission Component Unit and the Housing Commission Enterprise Fund because the component unit and enterprise fund engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the *County of Bay, Michigan's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the *County of Bay, Michigan's* compliance with those requirements.

In our opinion, the *County of Bay, Michigan* complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

### **Internal Control Over Compliance**

The management of the *County of Bay, Michigan* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the *County of Bay, Michigan's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Bay*, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 28, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the *County of Bay's* basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not required as part of the financial statements of the *County of Bay*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the financial statements of the Bay County Housing Commission, which represents 100% of the assets and revenues of the Housing major fund opinion unit; the financial statements of the Bay County Road Commission Component Unit, which represents 62.85% of the assets and 50.92% of the revenues of the aggregate discretely presented component units; and the financial statements of the Bay County Department of Water and Sewer, which represents 24.09% of the assets and 16.10% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Commission, Road Commission and Department of Water and Sewer, is based on the reports of the other auditors.

This report is intended solely for the information and use of the Audit Committee, management, the governing body, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

# BAY COUNTY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2006

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

*Unqualified on  
financial statements*

Internal controls over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes      X   no

Significant deficiencies identified not  
considered to be material weaknesses?

\_\_\_\_\_ yes      X   none reported

Noncompliance material to financial  
statements noted?

\_\_\_\_\_ yes      X   no

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes      X   no

Significant deficiencies identified not  
considered to be material weaknesses?

\_\_\_\_\_ yes      X   none reported

Type of auditor's report issued on compliance  
for major programs:

*Unqualified*

Any audit findings disclosed that are required to  
be reported in accordance with Circular A-133,  
Section 510(a)?

\_\_\_\_\_ yes      X   no

Identification of Major Programs:

#### CFDA Number(s)

10.557

#### Name of Federal Program or Cluster

Special Supplemental Nutrition Program for  
Women, Infants and Children (WIC)

93.044

Aging Cluster

93.045

Aging Cluster

93.053

Aging Cluster

93.268

Immunization Grants

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

  X   yes    \_\_\_\_\_ no

# **BAY COUNTY**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2006**

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### **SECTION II – FINANCIAL STATEMENT FINDINGS**

None.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

### **SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

There were no findings in the prior year.